

Remarks

The Office Action mailed February 9, 2004 has been carefully reviewed and the following remarks have been made in consequence thereof.

Claims 1-31 are now pending in this application. Claims 1-31 stand rejected.

The rejection of Claims 1-31 under 35 U.S.C. § 103(a) as being unpatentable over McCauley et al. (U.S. Patent No. 6,067,533) ("McCauley") in view of Keyes et al. (U.S. Patent No. 6,456,983) ("Keyes") and further in view of Basch et. al. (U.S. Patent 6,658,393) ("Basch") is respectfully traversed.

In accordance with 37 C.F.R. 1.136(a), a one-month extension of time is submitted herewith to extend the due date of the response to the Office Action dated February 9, 2004 for the above-identified patent application from May 9, 2004 through and including June 9, 2004. In accordance with 37 C.F.R. 1.17(a)(2), authorization to charge a deposit account in the amount of \$110.00 to cover this extension of time request also is submitted herewith.

Applicant respectfully submits that none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest the claimed invention. As discussed below, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest utilizing a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, wherein the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, and wherein non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans.

Furthermore, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest initiating at least one of the plurality of collection strategies with respect to the borrower, analyzing the borrower's payment behavior after initiating the at least one collection strategy, comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower, utilizing a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-

stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, generating delinquency moving matrices for the group of loans including the borrower's loan, and predicting a roll rate into a next level of delinquency for each loan in the group of loans based upon a payment history of each loan including the payment behavior after initiating the at least one collection strategy and based upon the re-marketing model calculations.

Notably, none of McCauley, Keyes, or Basch, alone or in combination, describe or suggest initiating collection strategies or analyzing a borrower's behavior after initiating collection strategies.

Moreover, Applicant respectfully traverses the Office Action on the grounds that it fails to specifically address the recitations of the presently pending claims. Rather, the Office Action merely repeats portions of the cited references, while failing to show how these repeated portions of the cited references actually teach the specific recitations included within the currently pending claims.

McCauley describes a system for selecting a business plan for nonperforming real estate loans (see col. 2, lines 64-67). A first step is for the system to obtain information on specific parameters of a loan and a borrower's financials including property information, personal information on the borrower, personal financial information of the borrower on a monthly basis, assets of the borrower, as well as number of unpaid loan payments (see col. 7, lines 1-15). The system also generates a model for a loan modification option that includes a comparison along a scale (110) (see col. 7, lines 19-21). The scale is a scale of potential rates of return for a lender in connection with options for dealing with nonperforming loans, including "Default Rate", "Minimum Rate" and "Current Rate" (see col. 4, lines 55-60). The "Default Rate" comes from a "Real Estate Owned" (REO) model that determines the lender's likely costs associated with a foreclosure based in part on the lender's past experience with similar foreclosures and in part on information on a property (see col. 5, lines 1-5). The "Minimum Rate" accounts for a proposed sale prices of the property with a sale of the property to occur sooner than a sale in the foreclosure (see col. 5, lines 37-39). The "Current Rate" is a rate of return corresponding to a current interest rate on new, non-distressed loans purchased by the lender (see col. 5, lines 40-

42). The system analyzes the generated loan models with predetermined rules of a loan experience database (see col. 7, lines 22-24). After a user reviews the analyze sheet with loan model information, the system generates a business plan consistent with the lender's selection (see col. 7, lines 33-35).

Keyes describes a system and method for evaluating an offer which has been made in relation to certain delinquent accounts. The system includes a historical database of sorts, which is maintained on accounts which were previously characterized as delinquent. Payment history information is also retained on each of these historical delinquent accounts. These historical delinquent accounts are scored, and thereafter placed into a plurality of groups, with the high and low scores of these groups defining an associated score cluster or range of scores. A liquidation profile is established for each portion of the historical delinquent accounts defined by the application of the noted score clusters thereto (i.e., each collection of delinquent accounts defined by a particular score cluster has its own liquidation profile). Liquidation profiles are representative of how historical delinquent accounts defined by a particular score cluster recovered over time (i.e., representative of the payment stream of each historical delinquent account defined by a particular score cluster). When an offer is made in relation to accounts which are currently delinquent (not a historical delinquent account), each of these current delinquent accounts is scored and then separated into a plurality of groups using the score clusters which were identified when defining the plurality of groups of the historical portfolio. The net present value of each portion of the current portfolio defined by the application of the score clusters thereto is determined using the liquidation profile of its corresponding group of historical delinquent accounts (i.e., those defined by the same score cluster), using the outstanding balance information on each of these current delinquent accounts within the subject score cluster, and making normal assumptions regarding net present value determinations. This net present value may then be compared with an outstanding offer on a group-by-group basis.

Basch describes a method for predicting financial risk. The method includes receiving data inputs on a first computing system. The data inputs include historical data associated with at least a first account issued to an account owner, and the historical data includes historical transaction information for the first account. The method also includes generating a predictive model based on at least the historical data, receiving a current transaction authorization request

associated with the first account on the first computing system, and generating a risk score by applying the predictive model to data associated with the current transaction authorization request. The current transaction authorization request is denied when the risk score indicates an unacceptable level of risk. The data inputs may also include performance data that is at least partially indicative of past fraudulent activities associated with the first account and at least one other account held by the account owner.

Claim 1 recites a method for determining roll rates for a group of non-stationary asset-based loans included within a distressed loan portfolio, the method includes “utilizing a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans...initiating at least one of the plurality of collection strategies with respect to the borrower...analyzing the borrower’s payment behavior after initiating the at least one collection strategy...comparing the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...utilizing a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower’s loan...generating delinquency moving matrices for the group of loans including the borrower’s loan...and predicting a roll rate into a next level of delinquency for each loan in the group of loans based upon a payment history of each loan including the payment behavior after initiating the at least one collection strategy and based upon the re-marketing model calculations.”

None of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest the method recited in Claim 1. More specifically, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest utilizing a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, wherein the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for

collecting payment from the borrower, and wherein non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans. Notably, none of McCauley, Keyes, or Basch, alone or in combination, describe or suggest collection strategies that may be utilized for collecting payment from a borrower of a non-stationary asset-based loan.

Furthermore, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest initiating at least one of the plurality of collection strategies with respect to the borrower, analyzing the borrower's payment behavior after initiating the at least one collection strategy, and comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Moreover, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest utilizing a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, generating delinquency moving matrices for the group of loans including the borrower's loan, and predicting a roll rate into a next level of delinquency for each loan in the group of loans based upon a payment history of each loan including the payment behavior after initiating the at least one collection strategy and based upon the re-marketing model calculations.

Rather, in contrast to the present invention, McCauley describes obtaining information on specific parameters of a real estate loan and a borrower's financials, generating a model for a loan modification option, analyzing the generated loan models with predetermined rules of a loan experience database, and generating a business plan consistent with the lender's selection; Keyes describes a system and method for evaluating an offer which has been made in relation to certain delinquent accounts that includes scoring and grouping historical delinquent accounts, establishing a liquidation profile for each group of the historical delinquent accounts, scoring the currently delinquent accounts and separating into a plurality of groups using score clusters from the historical portfolio, and then evaluating the offer using the liquidation profiles from each corresponding group of historical delinquent accounts; and Basch describes a method for

predicting financial risk that includes generating a risk score by applying a predictive model to data associated with a current transaction authorization request.

The present invention is directed to non-stationary asset-based loans. McCauley is directed to distressed residential real estate loans, and not non-stationary asset-based loans. Therefore, although McCauley discusses a lender's potential rate of return on a loan if the lender chooses to foreclose on a piece of real property (col. 4, lines 43-46), McCauley does not describe nor teach utilizing a re-marketing model to calculate an amount generated and expenses incurred from repossessing a non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan. Applicant submits that foreclosing on real property does not teach calculating an amount generated and expenses incurred from repossessing a non-stationary asset used as collateral for a loan. For example, the expenses incurred by a lender in locating a piece of real property is typically nominal.

The Office Action asserts at page 2 that McCauley teaches "a method for generating a loan model for assessing a borrower's ability to pay...as well as default rates...and ability to pay rate...as well as analyzing loan models using loan experience databases". The Office Action further asserts at pages 3 and 4 that Keyes teaches "a method for determining payment history on delinquent accounts" and "establishing a historical portfolio from a current portfolio of current delinquent accounts and the calculation of a score for each delinquent account in the historical portfolio using the statistical model and definition of a plurality of score cluster and establishing a liquidation profile for each historical portfolio". The Office Action also asserts at page 4 that Basch teaches "a system for analyzing financial risk on accounts". However, the Office Action fails to assert that any of McCauley, Keyes, or Basch, alone or in combination, describe or teach any of the specific recitations included within Claim 1.

For example, Applicant submits that none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest initiating at least one of a plurality of collection strategies with respect to the borrower, analyzing the borrower's payment behavior after initiating the at least one collection strategy, and comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the

borrower. In fact, it does not appear that any of the cited references are directed at initiating collection strategies and then analyzing a borrower's payment behavior after initiating the collection strategies. Nor does it appear that any of the cited references are directed at comparing the borrower's payment behavior to the predicted payment behavior of the borrower. The Office Action fails to even address these recitations of the presently pending claims.

Applicant also submits that none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest generating delinquency moving matrices for the group of loans including the borrower's loan, and predicting a roll rate into a next level of delinquency for each loan in the group of loans based upon a payment history of each loan including the payment behavior after initiating the at least one collection strategy and based upon the re-marketing model calculations. Again, the Office Action fails to address these specific recitations of the presently pending claims.

However, the Office Action suggests at page 3 that McCauley teaches solutions for dealing with non-performing loans including a hierarchy of options that "permits lenders to make a more quantitative evaluation of options and roll rates". Applicant traverses this suggestion, and submits that McCauley does not describe, suggest, or even mention predicting a roll rate into a next level of delinquency for each loan in a group of loans. Rather, McCauley describes the options for dealing with non-performing loans to include (1) pay the loan off (including past due payments); (2) repayment plan; (3) loan modification; (4) short payoff; (5) deed-in-lieu; (6) foreclose (i.e., REO); and (6) charge-off. Applicants respectfully submit that the system described in McCauley does not predict a roll rate into a next level of delinquency for each loan within a group of loans.

Additionally, the Office Action suggests at pages 3 and 4 that the liquidation profile described in Keyes "may be related to a roll rate". However, Keyes, at col. 8, lines 41-65, describes the liquidation profile as "representative of how historical delinquent accounts within a particular historical portfolio group recovered over time, or more specifically how the payment streams differed over time for each of the historical portfolio groups". Applicants submit that the liquidation profile described in Keyes does not describe nor teach predicting a roll rate into a

next level of delinquency for each loan in a group of loans. Accordingly, Applicant respectfully submits that Claim 1 is patentable over McCauley in view of Keyes and further in view of Basch.

For at least the reasons set forth above, Applicant respectfully submits that Claim 1 is patentable over McCauley in view of Keyes and further in view of Basch.

Claims 2-6, 22-23, and 26-27 depend, directly or indirectly, from independent Claim 1 which is submitted to be in condition for allowance. When the recitations of Claims 2-6, 22-23, and 26-27 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 2-6, 22-23, and 26-27 are also patentable over McCauley in view of Keyes and further in view of Basch.

In addition to the arguments set forth above, Applicant further submits that, for example, dependent Claim 26 is patentable. Claim 26 recites “utilizing a collections model that is based on historical payment information of the borrower, wherein the historical payment information of the borrower includes information relating to the payment of the loan by the borrower for a period of no more than six-months prior to a last payment due date of the loan.” Applicant submits that none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a method as recited in Claim 26. Accordingly, Applicant further submits that dependent Claim 26 is patentable over the cited art.

Claim 7 recites a system for determining a roll rate of a distressed loan portfolio including non-stationary asset based loans, the system includes at least one computer, and a server configured with a roll rate determination model including a collections model and a re-marketing model, wherein the server is configured to “access the collections model to predict a payment behavior for a borrower of a non-stationary asset based loan included within the distressed loan portfolio, the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans...analyze the borrower’s payment behavior after initiating at least one of the plurality of collection strategies...compare the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...access a re-marketing model to calculate an amount generated and expenses incurred

from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generate delinquency moving matrices for the loan portfolio including the borrower's loan...and predict which loans in the loan portfolio that will roll forward into a next classification of delinquency based upon a payment history of each loan including the payment behavior of a borrower after initiating the at least one collection strategy and based upon the re-marketing model calculations...."

None of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest the system recited in Claim 7. More specifically, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a server configured to access a collections model to predict a payment behavior for a borrower of a non-stationary asset based loan included within a distressed loan portfolio, wherein the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, and wherein non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans.

Furthermore, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a server configured to analyze the borrower's payment behavior after initiating at least one of the plurality of collection strategies, compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower, access a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, generate delinquency moving matrices for the loan portfolio including the borrower's loan, and predict which loans in the loan portfolio that will roll forward into a next classification of delinquency based upon a payment history of each loan including the payment behavior of a borrower after initiating the at least one collection strategy and based upon the re-marketing model calculations.

Rather, in contrast to the present invention, McCauley describes obtaining information on specific parameters of a real estate loan and a borrower's financials, generating a model for a

loan modification option, analyzing the generated loan models with predetermined rules of a loan experience database, and generating a business plan consistent with the lender's selection; Keyes describes a system and method for evaluating an offer which has been made in relation to certain delinquent accounts that includes scoring and grouping historical delinquent accounts, establishing a liquidation profile for each group of the historical delinquent accounts, scoring the currently delinquent accounts and separating into a plurality of groups using score clusters from the historical portfolio, and then evaluating the offer using the liquidation profiles from each corresponding group of historical delinquent accounts; and Basch describes a method for predicting financial risk that includes generating a risk score by applying a predictive model to data associated with a current transaction authorization request.

The present invention is directed to non-stationary asset-based loans. McCauley is directed to distressed residential real estate loans, and not non-stationary asset-based loans. Therefore, although McCauley discusses a lender's potential rate of return on a loan if the lender chooses to foreclose on a piece of real property (col. 4, lines 43-46), McCauley does not describe nor teach a server configured to access a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan. Applicant submits that foreclosing on real property does not teach calculating an amount generated and expenses incurred from repossessing a non-stationary asset used as collateral for a loan.

Applicant further traverses the Office Action on the grounds that the Office Action fails to assert that any of McCauley, Keyes, or Basch, alone or in combination, describe or teach any of the specific recitations included within Claim 7. For example, Applicant submits that none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a server configured to analyze the borrower's payment behavior after initiating at least one of the plurality of collection strategies, and compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower. In fact, it does not appear that any of the cited references are directed at analyzing a borrower's payment behavior after initiating a collection strategies, and comparing the borrower's payment behavior to the predicted payment behavior of the borrower. Moreover, the Office Action fails to even

address these specific recitations. Accordingly, Applicant respectfully submits that Claim 7 is patentable over McCauley in view of Keyes, and further in view of Basch.

Claims 8-14, 24, and 28-29 depend, directly or indirectly, from independent Claim 7 which is submitted to be in condition for allowance. When the recitations of Claims 8-14, 24, and 28-29 are considered in combination with the recitations of Claim 7, Applicant submits that dependent Claims 8-14, 24, and 28-29 are also patentable over McCauley in view of Keyes and further in view of Basch.

Claim 15 recites a computer for determining a roll rate of a distressed loan portfolio including non-stationary asset-based loans, the computer is programmed to “access a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within the distressed loan portfolio, the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans...analyze the borrower’s payment behavior after initiating at least one of the plurality of collection strategies...compare the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...calculate using a re-marketing model an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower’s loan...generate delinquency moving matrices for the loan portfolio including the borrower’s loan...and predict which loans in the portfolio that will roll forward into a next classification of delinquency based upon a payment history of each loan including the payment behavior of a borrower after initiating the at least one collection strategy and based upon the re-marketing model calculations.”

None of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest the computer recited in Claim 15. More specifically, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a computer for determining a roll rate of a distressed loan portfolio including non-stationary asset-based loans, the computer is programmed to access a collections model to predict a payment behavior for a borrower of a

non-stationary asset-based loan included within the distressed loan portfolio, wherein the collections model is based on historical payment information of the borrower and a plurality of collection strategies that may be utilized for collecting payment from the borrower, and wherein non-stationary asset based loans include at least one of automobile loans, vehicle loans, and credit card loans.

Furthermore, none of McCauley, Keyes, or Basch, considered alone or in combination, describe or suggest a computer programmed to analyze the borrower's payment behavior after initiating at least one of the plurality of collection strategies, compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower, calculate using a re-marketing model an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, generate delinquency moving matrices for the loan portfolio including the borrower's loan, and predict which loans in the portfolio that will roll forward into a next classification of delinquency based upon a payment history of each loan including the payment behavior of a borrower after initiating the at least one collection strategy and based upon the re-marketing model calculations.

Rather, in contrast to the present invention, McCauley describes obtaining information on specific parameters of a real estate loan and a borrower's financials, generating a model for a loan modification option, analyzing the generated loan models with predetermined rules of a loan experience database, and generating a business plan consistent with the lender's selection; Keyes describes a system and method for evaluating an offer which has been made in relation to certain delinquent accounts that includes scoring and grouping historical delinquent accounts, establishing a liquidation profile for each group of the historical delinquent accounts, scoring the currently delinquent accounts and separating into a plurality of groups using score clusters from the historical portfolio, and then evaluating the offer using the liquidation profiles from each corresponding group of historical delinquent accounts; and Basch describes a method for predicting financial risk that includes generating a risk score by applying a predictive model to data associated with a current transaction authorization request. Accordingly, Applicant

respectfully submits that Claim 15 is patentable over McCauley in view of Keyes and further in view of Basch.

Claims 16-21, 25, and 30-31 depend, directly or indirectly, from independent Claim 15 which is submitted to be in condition for allowance. When the recitations of Claims 16-21, 25, and 30-31 are considered in combination with the recitations of Claim 15, Applicant submits that dependent Claims 16-21, 25, and 30-31 are also patentable over McCauley in view of Keyes and further in view of Basch.

In addition to the arguments set forth above, Applicant also respectfully submits that the Section 103 rejections of the presently pending claims is not a proper rejection. Obviousness cannot be established by merely suggesting that it would have been obvious to one of ordinary skill in the art to modify McCauley using the teachings of Keyes and Basch. More specifically, as is well established, obviousness cannot be established by combining the teachings of the cited art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combinations. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. Specifically, one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Further, it is impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art.

As the Federal Circuit has recognized, obviousness is not established merely by combining references having different individual elements of pending claims. Ex parte Levengood, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter. 1993). MPEP 2143.01. Rather, there must be some suggestion, outside of Applicant's disclosure, in the prior art to combine such references, and a reasonable expectation of success must be both found in the prior art, and not based on Applicant's disclosure. In re Vaeck, 20 U.S.P.Q.2d 1436 (Fed. Cir. 1991). In the present case, neither a suggestion or motivation to combine the prior art disclosures, nor any reasonable expectation of success has been shown.

None of McCauley, Keyes, and Basch, considered alone or in combination, describe or suggest the claimed combination. Rather, the section 103 rejection of Claims 1-31 over McCauley in view of Keyes and further in view of Basch appears to be based on a combination of teachings selected from multiple patents in an attempt to arrive at the claimed invention. Specifically, McCauley teaches obtaining information on specific parameters of a loan and a borrower's financials, generating a model for the loan modification option, analyzing the generated loan models with predetermined rules of a loan experience database, and generating a business plan consistent with the lender's selection; Keyes teaches a system and method for evaluating an offer which has been made in relation to certain delinquent accounts that includes scoring and grouping historical delinquent accounts, establishing a liquidation profile for each group of the historical delinquent accounts, scoring the currently delinquent accounts and separating into a plurality of groups using score clusters from the historical portfolio, and then evaluating the offer using the liquidation profiles from each corresponding group of historical delinquent accounts; and Basch teaches a method for predicting financial risk that includes generating a risk score by applying a predictive model to data associated with a current transaction authorization request. Since there is no teaching nor suggestion for the combination of McCauley, Keyes, and Basch, the Section 103 rejection appears to be based on a hindsight reconstruction in which isolated disclosures have been picked and chosen in an attempt to deprecate the present invention. Of course, such a combination is impermissible, and for this reason also, Applicant requests that the Section 103 rejection of Claims 1-31 be withdrawn.

For at least the reasons set for above, Applicant respectfully requests that the Section 103 rejection of Claims 1-31 be withdrawn.

The rejection of Claims 1-31 under 35 U.S.C. § 112, second paragraph, is respectfully traversed. Applicant respectfully submits that Claims 1-31 satisfy Section 112, second paragraph. More specifically, Applicant respectfully submits that Claims 1-31 are definite and particularly point out and distinctly claim the subject matter of the invention. Accordingly, Applicant respectfully requests that the rejection under Section 112, second paragraph be withdrawn.

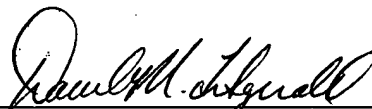
The Office Action suggests at page 5 that “No algorithm, defining equations or methodology is delineated in the re-marketing model and the collections model.” Applicant respectfully traverses this suggestion. Applicant submits that the “collections model” is described, for example, in the present specification at page 4, line 9 through page 6, line 13. Figure 1 also illustrates the collections model. With respect to the “re-marketing model”, Applicant submits that the re-marketing model is described, for example, in the present specification at page 6, line 14 through page 7, line 25. Figure 2 illustrates the re-marketing model, and Figure 3 illustrates the re-marketing model which includes certain assumptions.

Applicant therefore respectfully submits that Claims 1-31 are definite and particularly point out and distinctly claim the subject matter of the invention. More specifically, Applicant submits that the specification described the methodology associated with the collections model and the re-marketing model as recited in Claims 1-31. Accordingly, Applicant respectfully requests that the rejection of Claims 1-31 under Section 112, second paragraph, be withdrawn.

For the reasons set forth above, Applicant respectfully requests that the rejection of Claims 1-31 under Section 112, second paragraph, be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



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